

Old Age, Disability, Death

First law: 1941.

Current laws: 1954 and 1991.

Type of program: Social insurance system.

Exchange rate: U.S. \$1.00 equals 1.00 balboas.

Coverage

Employees and domestic workers. (Self-employed may join voluntarily.) Public employees covered under both general and special systems. Exclusions: Agricultural workers employed less than 3 months a year and members of a family working in a family business. Occasional and seasonal workers to be covered under subsequent regulation. All foreigners covered except those working in Panama for less than two months under a foreign employment contract.

Source of Funds

Insured person: 6.75% of earnings.

Employer: 2.75% of payroll.

Government: A percentage of contributions and the proceeds of a tax on alcohol (1.04% of payroll for administration of old-age, disability, death, sickness and maternity and work injury); plus no less than 20.5 million balboas per year.

Qualifying Conditions

Old-age pension: Age 62 (men) or 57 (women) with 180 months of contribution. Retirement necessary.

Disability pension: Loss of 2/3 of earning capacity. 36 months of contribution, including 18 months during last 3 years, or a total of 180 months of contribution.

Survivor pension: Deceased met disability pension requirements or was pensioner at death.

Old-Age Benefits

Old-age pension: 60% of average earnings during highest 7 years of earnings, plus 1.25% of earnings for each 12 months of contributions in excess of 180 months. Additional 2% of earnings granted for each 12 months of contributions beyond retirement age.

Permanent Disability Benefits

Disability pension: Same as old-age pension.

Increment of 1.25% of earnings for each 12 months of contribution beyond 180 months.

If coverage is less than 7 years, pension based on 60% of average earnings during period credited.

Dependents' supplements: Same as for old-age pension.

Minimum pension: Same as for old-age pension.

Disability settlement: 1 month's pension per 6 months of contribution (lump sum) if ineligible for full pension but with at least 12 months of contribution, 6 in year prior to disablement.

Adjustment: Adjustment of pensions on an ad hoc basis depending on economic conditions.

Survivor Benefits

Survivor pension: 50% of pension paid or accrued to insured paid to widow age 57, disabled, or caring for child; also payable to dependent disabled widower. Paid to other widows for 5 years only.

Orphans: 20% of pension of insured for each orphan under age 14 (18 if student, no limit if disabled), or 50% if full orphan.

Other dependents (in absence of above): Mother or aged or disabled father, 30% of pension of insured; eligible brothers and sisters, 20% until age 14.

Maximum survivor pensions: 100% of pension of deceased.

Funeral grant: 300 balboas.

Adjustment: Adjustment of pensions on an ad hoc basis depending on economic conditions.

Administrative Organization

Ministry of Health, national health policy.

Social Insurance Fund, administration of program; managed by Board of Directors with tri-partite representation and a Director General with an Advisory Board for technical advice.

Sickness and Maternity

First law: 1941.

Current laws: 1954.

Type of program: Social insurance system. Cash and medical benefits.

Coverage

Employees in private and public employment and domestic workers. Self-employed may join voluntarily. Pensioners also covered for medical benefits. Exclusions: Agricultural workers employed less than 3 months in a year and members of a family working in a family business. Temporary workers and seasonal workers will be covered by subsequent regulations.

Source of Funds

Insured person: 0.50% of earnings. Pensioners, 6.75% of pension.

Employer: See old age, disability, death contributions, above.

Government: A percentage of contributions and the proceeds of a tax on alcohol (1.04% of payroll for administration of old-age, disability, death, and sickness and maternity).

Qualifying Conditions

Cash sickness benefits: 6 months of contribution during last 9 months.

Cash maternity benefits: 9 months of contribution during 12 months preceding 7th month of pregnancy.

Medical benefits: Currently covered or pensioner.

In case of unemployment, coverage continues for 3 months after separation from employment (12 months for those having made 180 months of contribution).

Sickness and Maternity Benefits

Sickness benefit: 70% of average earnings during previous 2 months. Payable after 3-day waiting period for up to 52 weeks for one illness.

Maternity benefit: 100% of average weekly earnings in last 9 months, payable for up to 6 weeks before and 8 weeks after confinement.

Workers' Medical Benefits

Medical benefits: Medical services ordinarily provided directly to patients through facilities of Social Insurance Fund or Ministry of Health (in special cases or where Fund or Ministry have no facilities, reimbursement of part or all of cost of care obtained privately within the country or abroad, with the authorization of the Fund.). Includes general and specialist care, surgery, hospitalization, laboratory services, medicines, dental care, and maternity care. Maximum duration: No limit if service is necessary.

Dependents' Medical Benefits

Medical benefits for dependents: Same as for insured except for maternity. Provided to wife and children under age 18 (25 if student or disabled); also to dependent mother or disabled father or to parents over age 60.

Administrative Organization

Ministry of Health, national health policy.

Social Insurance Fund, administration of program. Fund operates own hospitals and other medical facilities in larger cities.

Orphans: 15% of earnings for 1 orphan, 25% for 2, 35% for 3, and 40% for 4 or more orphans under age 18. If full orphans, 15% each for 2 or more children under age 18.

Other dependents (in order of priority): Mother, 20-30% if no wife or children, payable for 10 years. Brother or sister under age 18 (any age if disabled) and other aged or disabled relatives or descendants up to the 3rd grade, 10% for each up to a maximum of 30%, payable for 6 years.

Maximum for all survivor pensions: 75% of earnings of insured.

(Pensions that bring total over maximum reduced proportionately.)

Funeral grant: 300 balboas.

Administrative Organization

Ministry of Health, national health policy.

Social Insurance Fund, administration of program.

Work Injury

First law: 1916.

Current law: 1970.

Type of program: Compulsory insurance with public carrier.

Coverage

Employees in private and public employment.

Source of Funds

Insured person: None.

Employer: Whole cost, through premiums fixed according to risk category (average, 1.7% of payroll).

Government: None.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Permanent Disability Benefits

Permanent disability pension: 60% of earnings if 100% disabled (subject to review every 2 years).

Minimum pension: 175 balboas a month; maximum, 1,000 balboas.

Partial disability: Pension (subject to review every 2 years), proportionate to degree of disability. Can be increased if disability greater than 35%; may be commuted to lump sum if disability is 35% or less.

Workers' Medical Benefits

Medical benefits: General and specialist care, surgery, medicines, hospitalization, and appliances.

Survivor Benefits

Survivor pension: Widows or disabled widower: 25% of earnings of insured (30% if sole beneficiary or disabled) for life.